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## Ferratum Oyj: Interim Report January - March 2018

DGAP-News: Ferratum Oyj / Key word(s): Quarterly / Interim Statement

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### Interim Report January - March 2018

**Ferratum Group Q1 revenue growth in line with expectations; operating profit up 48.5% year-on-year**

Helsinki, 30 May 2018 - Ferratum Oyj (ISIN: FI4000106299, WKN: A1W9NS) ("Ferratum" or the "Group") announces preliminary unaudited results for the 3 months ended 31 March 2018 ("Q1 2018").

#### Q1 2018 highlights

- Revenue of EUR 61.4 million - up 22.9% year-on-year
- Operating profit (EBIT) of EUR 10.2 million - up 48.5% year-on-year
- EBIT margin of 16.6%

- Positive operating cash flow of EUR 1.9 million maintained
- Profit before tax (EBT) of EUR 6.6 million - up 11.4% year-on-year -impacted by unfavourable currency volatility in Q1 2018 of EUR 1.2 million
- The increase in net financing costs from EUR 0.9 million in Q1 2017 to EUR 3.5 million in Q1 2018 is mostly attributable to a currency gain of EUR 842,000 in Q1 2017 and a currency loss of 1.2 million in 1Q 2018.
- EPS (basic and diluted) increased 13.0% to EUR 0.26 per share
- Net book value of loan portfolio grew by 3.1% to EUR 265 million (Q4 2017: EUR 257 million)
- Deposits from customers increased by 10.5% to EUR 192.7 million
- Customer figure increased by 17.8% to 1.9 million

## Key Figures

<i>EUR '000</i>	3 months ended 31 March	
	2018	2017
<i>Revenue</i>	61,442	50,009
<i>Operating profit (EBIT)</i>	10,169	6,849
<i>Profit before tax</i>	6,626	5,946
<i>Profit before tax %</i>	10.8%	11.9%
<i>Net cash flows from operating activities before movements in portfolio and deposits received</i>	28,934	23,706
<i>Net cash flows from operating activities</i>	1,870	1,940
<i>Net cash flows from investing activities</i>	(2,047)	(2,172)
<i>Net cash flows from financing activities</i>	1,291	(8,487)
<i>Net increase/decrease in cash and cash equivalents</i>	1,114	(8,719)
<i>Earnings per share, basic (EUR)</i>	0.26	0.23
<i>Earnings per share, diluted (EUR)</i>	0.26	0.23

<i>EUR '000</i>	31 March 2018	31 December 2017

<i>Accounts receivable - consumer loans (net)</i>	265,455	257,406
<i>Deposits from customers</i>	192,677	174,301
<i>Cash and cash equivalents</i>	134,688	131,832
<i>Total assets</i>	448,345	436,595
<i>Non-current liabilities</i>	64,302	64,167
<i>Current liabilities</i>	280,083	267,185
<i>Equity</i>	103,960	105,243
<i>Equity ratio %</i>	23.2	24.1
<i>Net debt to equity ratio</i>	2.02	1.90

## Key Developments and Progress

Ferratum Group's revenue rose to EUR 61.4 million, an increase of 22.9% compared to the respective period of the previous year (Q1 2017: 50.0 million) and in line with Ferratum's expectations for the period. The growth is driven by further increasing revenues from PlusLoan (+40.4% year-on-year), Credit Limit (+29.4% year-on-year) and Ferratum Business (SME) lending (+130% year-on-year). The overall number of active customers increased by 8% to 783,879, reflecting a shrinking active customer base in Microloan and increasing active customer numbers in the PlusLoan, Credit Limit and Ferratum Business (SME) product segments, consistent with Ferratum's strategy of shifting the customer focus towards lower risk and longer term products and services.

Operating profit (EBIT) increased by 48.5% year-on-year to EUR 10.2 million. The operating profitability improved from 13.7% in Q1 2017 to 16.6% in Q1 2018, as a result of significantly reduced credit losses (impairment on loans). The gross impairment on loans ratio has improved from 34.4% in Q1 2017 to 30.7% in Q1 2018.

The profit before tax (EBT) grew by 11.4% y-o-y to EUR 6.6 million. The EBT development suffered from an unfavourable FX volatility during Q1 2018 totalling EUR 1.154 million in FX losses compared to FX gains of EUR 842,000 in Q1 2017. The losses were mostly attributable to the weakening of the Swedish Krona (EUR -900,000) and the Polish Zloty (EUR -284,000) although Ferratum has partially hedged its SEK and its PLN exposure.

Due to the adoption of the new IFRS 9 accounting standard -with effect from 1 January 2018, the risk provisions of the Group had to be increased by EUR 9.2 million from this effective date. This one-time increase of the risk provision reduced the equity of the Group by EUR 7.5 million as the increased risk provisions were partially offset by deferred tax assets of EUR 1.7 million. The adjustment was booked directly to the Group's equity and did not affect the reported profit for Q1 2018. Overall, Group equity decreased marginally to EUR 104.0 million from EUR 105.2 million as of 31 December 2017, while the equity ratio reduced by 1% to 23.2%. Net receivables from customers grew by 3.1 % to EUR 265.5 million from EUR 257.4 million. The loan coverage ratio increased from 23.4% in Q4 2017 to 29.5% in Q1 2018, including the one-time adjustment from IFRS 9. Deposits from customers increased by 10.5% from EUR 174.3 million to EUR 192.7 million. The intention of the management is to further reduce the inflow of deposits and according actions have been taken, e.g. reduced interest rates for savings accounts and term deposits.

Ferratum's existing group rating of BBB+ from Creditreform Rating AG was reconfirmed during Q1 in its regular annual review. Creditreform Rating AG based the rating on the continued revenue growth and highly satisfactory credit-worthiness of the Group in the 2017 financial year.

## Subsequent Events

During the second quarter, Ferratum successfully issued EUR 100 million of new senior unsecured bonds in order to

refinance the Group's outstanding bonds maturing in October 2018 (EUR 45 million in total, issued by Ferratum Capital Germany GmbH, a subsidiary of Ferratum Oyj) and to finance continued growth of the Group. The new senior unsecured bonds have a coupon of 3 months Euribor plus 5.50 per cent p.a. and a tenor of four years. The bonds shall be listed on Nasdaq Stockholm and first at Frankfurt Stock Exchange Open Market and thereafter at Frankfurt Stock Exchange Prime Standard (best effort basis) with ISIN: SE0011167972.

During the Annual General Meeting held in Helsinki on 19 April 2018, shareholders approved the payment of a final dividend of EUR 0.18 per share for the financial year 2017.

#### About Ferratum Group:

Ferratum Group is an international provider of mobile banking and digital consumer and small business loans, distributed and managed by mobile devices. Founded in 2005 and headquartered in Helsinki, Finland, Ferratum has expanded rapidly to operate in 25 countries across Europe, Africa, South and North America and the Asia-Pacific region.

As a pioneer in digital and mobile financial services technology, Ferratum is at the forefront of the digital banking revolution. Ferratum's mobile bank, launched in 2016, is an innovative mobile banking platform offering a range of banking services, including real time digital payments and transfers, within a single app. It is currently available in five European markets. Led by its founder, Jorma Jokela, Ferratum has approximately 1.9 million active and former customers who have an account or have been granted one or more loans in the past (as at 31 March 2018), of which over 784,000 customers have an open Mobile Bank account or an active loan balance in the last 12 months.

Ferratum Group is listed on the Prime Standard of Frankfurt Stock Exchange under symbol 'FRU.' For more information, visit [www.ferratumgroup.com](http://www.ferratumgroup.com).

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